

To All Interested Parties:

At the prehearing workshop held on October 3, 2007, the Department received several requests for additional information. This document, with attachments, addresses these requests that the Department could fulfill.

What do the seven Cheddar cheese plants in the cost study do with their whey?

In 2006, these seven plants made:

Whey Butter	Dried Pro Cream	Deproteinized Whey
Dry Whey	Whey Cream	WPC Powder
Whey Protein Isolate	WPC Liquid	Animal Feed

How many plants make butter and nonfat dry milk?

For all of 2006, corresponding to the period of the latest cost studies, there were eleven plants making butter of which seven participated in the cost study. Also for all of 2006, there were ten plants making nonfat dry milk of which eight participated in the cost study.

For the months of May, June and July 2007, corresponding to the period for which the Department presented size-sorted data on the 37 plants making Class 4a fat and solids not fat products, eight plants made butter and eight plants made nonfat dry milk.

For the months of May, June and July 2007, the Milk Pooling Branch presented size-sorted data on the 60 plants making cheese and on the 37 plants making Class 4a fat and solids not fat products. Could the Department expand the data to cover May, June, July and August 2007?

Please see the first three tables at the end of this document.

In Table 2 of the “Summary Analysis of Estimated Impacts,” could the Department remove instances where witnesses did not propose changes to the current allowances?

Please see the last table at the end of this document.

POUNDS OF MILK^{1/} PROCESSED INTO CHEESE - *revised*

Sorted by plant size; MPB handler data for May, June, July and August 2007

1,000s lb Monthly		# of Plants	Total for plants		Average per plant		Percent of Total	
From (lb)	to (lb)		Monthly (lb)	Daily (lb)	Monthly (lb)	Daily (lb)	Group	Accumulated
0	250	20	265,633	2,160	66,408	540	0.0%	0.0%
250	500	4	1,637,691	13,315	409,423	3,329	0.1%	0.1%
500	1,000	5	2,958,274	24,051	739,569	6,013	0.2%	0.3%
1,000	1,500	3	5,348,247	43,482	1,337,062	10,870	0.4%	0.7%
1,500	3,000	3	9,705,451	78,906	2,426,363	19,727	0.7%	1.4%
3,000	10,000	7	27,348,715	222,347	6,837,179	55,587	2.0%	3.4%
10,000	30,000	6	77,764,124	632,229	19,441,031	158,057	5.6%	8.9%
30,000	60,000	5	172,658,971	1,403,731	43,164,743	350,933	12.3%	21.3%
60,000	100,000	3	342,488,759	2,784,461	85,622,190	696,115	24.5%	45.7%
Over 100,000		5	759,728,544	6,176,655	189,932,136	1,544,164	54.3%	100.0%
Total		61	1,399,904,409	11,381,337	349,976,102	2,845,334		

^{1/} This is on a milk equivalent basis. These figures are not pounds of fat or SNF.

Note: Data does not include condensed skim, RO milk, or UF milk sold to, or received by cheese plants.

FAT POUNDS UTILIZED AS CLASS 4a - revised

Sorted by plant size; MPB handler data for May, June, July and August 2007

Pounds Monthly From to (lb) (lb)		# of Plants	Total for plants Monthly Daily (lb) (lb)		Average per plant Monthly Daily (lb) (lb)		Percent of Total Group Accumulated	
0	10,000	14	40,626	1,321	2,902	94	0.1%	0.1%
10,000	30,000	5	101,137	3,289	20,227	658	0.3%	0.4%
30,000	100,000	7	340,701	11,080	48,672	1,583	1.0%	1.4%
100,000	500,000	6	1,526,935	49,656	254,489	8,276	4.4%	5.8%
500,000	1,000,000	0	32,805,880	1,066,858	4,686,554	152,408	94.2%	5.8%
Over 1,000,000		7						100.0%
Total		39	34,815,279	1,132,204	5,012,844	163,019		

^{1/} The one plant in this group was assigned to the 100,000 to 500,000 group.

SNF POUNDS UTILIZED AS CLASS 4a - revised

Sorted by plant size; MPB handler data for May, June, July and August 2007

Pounds Monthly		# of Plants	Total for plants		Average per plant		Percent of Total	
From (lb)	to (lb)		Monthly (lb)	Daily (lb)	Monthly (lb)	Daily (lb)	Group	Accumulated
0	25,000	19	143,281	4,660	7,541	245	0.2%	0.2%
25,000	100,000	5	246,765	8,025	49,353	1,605	0.3%	0.5%
100,000	200,000	4	668,959	21,755	167,240	5,439	0.9%	1.4%
200,000	1,000,000	0	1/					
1,000,000	4,000,000	7	16,599,461	539,820	2,371,352	77,117	22.3%	23.7%
Over 4,000,000		4	56,764,972	1,846,015	14,191,243	461,504	76.3%	100.0%
Total		39	74,423,437	2,420,274	16,786,728	545,910		

^{1/} The one plant in this group was assigned to the 100,000 to 200,000 group.

Comprehensive Findings

Using historic commodity prices, the following tables estimate the impacts of the proposals assuming that the current California and alternative formulas had been in effect from September 2002 through August 2007. The same assumptions are made for comparisons to federal pricing formulas in the following tables.

Estimated Relationships of Alternative Manufacturing Cost Allowances

Table 2 estimates the relationships of alternative Manufacturing Cost Allowances (MCA) to:

- Weighted average manufacturing costs (WAC) from the 2006 cost summaries
- Volume of product covered based on the 2006 cost summaries **including** a 6.48% ROI
- Imputed ROI based on the 2006 cost summaries **excluding** the 6.48% ROI

Table 2 - Comparisons of Alternative Proposals for New Manufacturing Cost Allowances

Butter	MCA	MCA / WAC	Volume ^{1/}	ROI ^{2/}
Current	\$0.1560	1.14	61%	26.20%
CDI	\$0.1607	1.17	61%	30.73%
NFDM				
Current	\$0.1600	0.96	28%	-0.4%
Institute	\$0.1664	1.00	80%	5.3%
LOL	\$0.1664	1.00	80%	5.3%
CDI	\$0.1698	1.02	91%	8.3%
Cheese				
Current	\$0.1780	0.90	0%	-10.4%
Institute	\$0.1988	1.00	71%	7.7%
LOL	\$0.1988	1.00	71%	7.7%
Dry Whey				
Current	\$0.2670	0.86	^{3/}	3.64%
F&A <i>et al.</i>	n/a	n/a	n/a	n/a
Alliance <i>et al.</i>	\$0.1900	0.61	0%	-6.82%
Institute	n/a	n/a	n/a	n/a
LOL	\$0.2734	0.88	^{3/}	4.51%

1/ Volume covered calculation **includes** a 6.48% ROI

2/ Imputed ROI calculation **excludes** the 6.48% ROI

3/ Because there are only three Dry Whey plants, confidentiality precludes showing the percent volume covered as for the other three commodities.